



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 16, 2001

S. 87 **Native Hawaiian Health Care Improvement Act** **Reauthorization of 2001**

As reported by the Senate Committee on Indian Affairs on August 28, 2001

SUMMARY

S. 87 would reauthorize the Native Hawaiian Health Care Program, funded from within the Health Resources and Services Administration's Consolidated Health Center Program, through 2006.

The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2002 through 2006. Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 87 would cost about \$4 million in 2002 and \$32 million over the 2002-2006 period. (That estimate assumes that annual appropriations are adjusted for inflation. Without such adjustments, the five-year total would be \$31 million.)

The bill would extend provisions under section 224 of the Public Health Service Act to providers in Hawaiian health systems. That section authorizes settlements and awards for tort claims to be paid out of the Treasury's Judgment Fund. Those payments are considered direct spending, regardless of whether the health program involved is an entitlement program or subject to appropriation. CBO estimates those payments would total less than \$500,000 in 2002 and about \$1 million over the 2002-2006 period. Because enacting S. 87 would affect direct spending, pay-as-you-go procedures would apply.

S. 87 contains no private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require the state of Hawaii to consult with Native Hawaiians and health care organizations that provide services to Native Hawaiians before making policy changes or initiating new programs. That requirement would be an intergovernmental mandate as defined in UMRA, but CBO estimates that the costs of the mandate would be minimal and would not exceed the threshold established in that act (\$56 million in 2001, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 87 is shown in the following table. The costs of this legislation would fall within budget functions 550 (health) and 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION ^a						
With Adjustments for Inflation						
Native Hawaiian Health Center Program						
Spending Under Current Law						
Budget Authority ^b	6	0	0	0	0	0
Estimated Outlays	6	3	0	0	0	0
Proposed Changes						
Estimated Authorization Level ^c	0	8	8	7	7	7
Estimated Outlays	0	4	8	7	7	7
Native Hawaiian Health Center Program						
Spending Under S. 87						
Estimated Authorization Level	6	8	8	7	7	7
Estimated Outlays	6	7	8	7	7	7

a. This bill also would increase direct spending, but by less than \$500,000 a year.

b. The 2001 level is the amount appropriated for that year for the Native Hawaiian Health Care Program.

c. The proposed changes include annual adjustments for inflation for the bill's authorizations of "such sums as necessary." Without such inflation adjustments, the five-year totals of costs would be about \$1 million lower.

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that the bill will be enacted this fall and that the necessary appropriations will be provided for each fiscal year.

Spending Subject to Appropriation

Native Hawaiian Health Care Program. S. 87 would authorize the appropriation of such sums as necessary for 2002 through 2006 for the extension of activities carried out under the Native Hawaiian Health Care program. These activities include the provision of health care

at Native Hawaiian health centers and health systems; granting scholarships to students dedicated to providing health care to Native Hawaiians; administration of the program; and the development of strategies to improve the health status of Native Hawaiians. The bill would authorize increasing from five to eight the number of health systems receiving grants, and would authorize establishment of a fellowship program for health activities.

CBO estimates that these activities could be carried out with 2001 appropriation levels adjusted for inflation, plus \$50,000 for increasing the number of grants and for establishment of the fellowship program. Assuming the appropriation of \$7 million in 2002, and adjustments for inflation in 2003 through 2006, CBO estimates the cost of these provisions would be \$4 million in 2002 and \$30 million over the 2002-2006 period.

Bipartisan Commission. S. 87 would create a national bipartisan commission composed of members of the U.S. Congress, members of the Native Hawaiian health care community, and members designated by the Secretary of the Department of Health and Human Services. The commission would be responsible for submitting a written report to the Congress containing recommendations of policies and legislation that would establish the delivery of health services to Native Hawaiians as an entitlement, as well as a determination of the impact of these policies on the existing health care system, the self-determination of Native Hawaiians and their reconciliation with the United States. Based on spending for similar commissions, CBO estimates the cost of this provision would be less than \$500,000 in 2002 and \$2 million during the 2002-2006 period.

Direct Spending

Under current law, settlements and tort claims arising from the actions of licensed health care providers in federally funded health centers are paid from the Treasury's Judgment Fund. The bill would expand that coverage to include tort claims arising from the actions of licensed providers within the Native Hawaiian health systems, as well as non-licensed providers and traditional Hawaiian health providers. Based on past experience with spending from the Judgment Fund for providers covered under section 224, as well as information on the number and license status of newly covered providers, CBO estimates the cost of this provision to be less than \$500,000 in 2002 and \$1 million during the 2002-2006 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting S. 87 would affect direct

spending by including providers of services in Native Hawaiian health systems under section 224 of the Public Health Service Act, which describes federal liability for tort claims. CBO estimates the effects on direct spending would be less than \$500,000 in each year, and would total about \$1 million during the 2002-2006 period.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill would require the state of Hawaii to consult with Native Hawaiians and health care organizations that provide services to Native Hawaiians before making policy changes or initiating new programs. That requirement would be an intergovernmental mandate as defined in UMRA, but CBO estimates that the costs of the mandate would be minimal and would not exceed the threshold established in that act (\$56 million in 2001, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no private-sector mandates as defined in UMRA.

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